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C O N F I D E N T I A L ANKARA 003156

SIPDIS

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TAGS: MARR PREL PGOV TU GR

SUBJECT: MOD'S DEFENSE BUDGET STATEMENT MIFFS TGS

REF: A. FBIS GMP20040518000178

¶B. ANKARA 2791

¶C. ANKARA 3059 AND PREVIOUS

(U) Classified by DCM Robert S. Deutsch. Reasons 1.4 (b) and (d).

¶11. (C) Summary: MOD Gonul surprised TGS with his statement to the Greek MOD that Turkey would slash its defense spending by \$10 billion. TGS believes this was in part an attempt by the government to allocate resources to domestic priorities at the military's expense. End summary.

¶12. (U) Minister of Defense Vecdi Gonul told his Greek counterpart, Spilios Spiliotopoulos, that Turkey had decided to cut its defense spending by \$10 billion when the two met on the margins of an EU defense ministerial in Brussels May 17, according to press reports that we have confirmed. Gonul reportedly said that this amount included the three major procurement programs worth \$6 billion that the Defense Industry Executive Committee decided to cancel three days earlier (ref b). Turkish newspapers reported that the reduction would occur over 5 years and that Greece would respond with a 25% defense spending reduction over the same period.

¶13. (C) Turkish General Staff (TGS) J5 Greece/Cyprus Director RADM Mucahit Sislioglu told polmilcouns June 3 that Gonul's statement was completely uncoordinated and unexpected. Gonul participated in the May 14 Executive Committee meeting, Sislioglu observed; there was no way he could forget that it was the tenders--not the programs--that were canceled. In all three cases, the requirements remained and some procurement action would move forward. Sislioglu feared that the Greeks would take Gonul's words as a commitment, despite the limited budgetary role played by the Ministry of National Defense. (Note: TGS generally negotiates most of the military's budget directly with the government.) The admiral opined that Gonul's statement appeared to be an attempt to limit defense spending as a gesture to the EU, to engender goodwill with Greece, and to free up resources for domestic programs. That was the opinion he sent up his chain of command, he said. Officials at TGS had asked MND Plans and Principles Director General RADM Serdar Dulger why he had not stopped the minister from making this commitment, but Dulger claimed he had not known what Gonul was going to say and that there was no way to intervene during the meeting, according to Sislioglu.

¶14. (U) TGS DCHOD GEN Ilker Basbug contradicted Gonul's characterization that the canceled tenders constituted a budget cut in his opening remarks at a May 27-28 symposium on Turkish security in Istanbul: In order to meet Turkish Armed Forces transformation goals, "the ratio of the defense budget allocated...is 2.4% of GNP" and 6.6% of the national budget. Regarding the decision to "change the models of procurement for modern tank, attack helicopter and unmanned aerial vehicle projects," he said, "the mentioned requirements of the Turkish Armed Forces are still valid."

¶15. (C) Comment: Even before Gonul's remark, rumors had been circulating in Ankara that one reason for the May 14 decision to terminate the tenders on the three major defense programs was an AK Party plot to slash defense spending. We cannot imagine CHOD GEN Hilmi Ozkok, a voting member of the Executive Committee, would have gone along with such a plan. That said, coming on the heels of the Imam-Hatip controversy (ref c), Gonul's surprising comment has fed already deep-seated suspicion within the Turkish military about the AK's intentions. End comment.
EDELMAN